

Statement of Considerations

REQUEST BY UNITED TECHNOLOGIES, PRATT & WHITNEY, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY CONTRACT NO. DE-AC05-95OR22426; DOE WAIVER DOCKET W(A)-95-037 [ORO-608]

United Technologies, Pratt & Whitney (Pratt & Whitney) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Contract No. DE-AC05-95OR22426. This work is being done under the Department of Energy's (DOE) Advanced Turbine System (ATS) program and the work calls for the development of thermal barrier coatings (TBC) technology for use in land based gas turbines. The work is sponsored by the Office of Industrial Technologies.

The estimated proposed dollar amount of the contract is \$1,837,139 with Pratt & Whitney committing to cost share 20% of the contract.

Pratt & Whitney is a leader in the design, development and use of advance gas turbine air foils with more than ten years of TBC experience in flight engine air foils. Pratt & Whitney has more than thirty years experience and fifty patents in coating technology, including TBC technology. It has a history of investing its own resources to develop, test, manufacture and introduce gas turbines. Therefore, Pratt & Whitney's experience and expertise will contribute substantially to commercialization of the inventions made under the contract.

Pratt & Whitney sells gas turbines and thermal barrier coating products worldwide to diverse industry markets such as marine drive, electrical power generation, cogeneration and combined cycle, and aircraft. Considering its market position, it is has the capability to commercialize the thermal barrier coatings developed under the contract.

Pratt & Whitney has a history of research and development leading to commercialization of gas turbines and thermal barrier coatings. It is committing resources previously used in these activities, such as personnel, equipment, and expertise, to develop the coatings under this contract.

The contract has been executed and is proceeding with the standard DOE long form patent clause. If the requested waiver is approved, a patent rights clause

embodying the standard DOE waiver terms and conditions, approved by Pratt & Whitney, including march-in rights, retention by the government of a license, preference for U.S. industry, and U.S. Competitiveness clauses will be added by a no-cost modification to the contract. The advance patent waiver will also contain a paragraph that limits Pratt & Whitney's ability to alienate waived rights. Specifically, Pratt & Whitney shall not transfer rights in any invention without prior approval of DOE. Also, should there be a change in ownership of Pratt & Whitney, rights in inventions will be suspended until approval by DOE of the entity obtaining controlling interest having the waiver.

Pratt & Whitney agrees that any product, process or service used or sold by Pratt & Whitney or its affiliates embodying subject inventions must be manufactured, practiced or provided substantially in the United States, and further, any license or other transfer in rights of a subject invention to third parties must be approved by DOE prior to any such transfer.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace, therefore there should not be undue market concentration of Pratt & Whitney products.

Grant of the requested waiver should serve as encouragement to other DOE contractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the acceptable level of cost sharing by Pratt & Whitney and the objectives and considerations set forth in 41 CFR 9-9.109, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.



Katherine Lovingood
Senior Patent Attorney

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

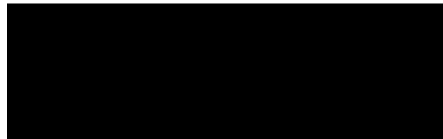
CONCURRENCE:



Denise Swank
Deputy Assistant Secretary
for Industrial Technologies

Date: 8/2/96

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel
for Intellectual Property

Date: 8-5-96